

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
LAREDO DIVISION**

IN RE:	§	
	§	
GBG RANCH, LTD	§	CASE NO. 14-50155
	§	
Debtors.	§	(Chapter 11)

**DEBTOR'S EXPEDITED MOTION TO APPROVE SALE PROCEDURE
AND FORM OF NOTICE**

A HEARING WILL BE CONDUCTED ON THIS MATTER ON _____, 2014 AT _____ P.M. IN COURTROOM _____, _____, TEXAS. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT PRIOR TO THE HEARING DATE. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE, OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

EXPEDITED RELIEF IS REQUESTED. ANY RESPONSE MUST BE FILED PRIOR TO THE ABOVE HEARING DATE.

To the Honorable David
Jones, United States
Bankruptcy Judge:

COMES NOW, GBG RANCH, LTD., the Debtor-In-Possession (the "Debtor") files this Motion to Approve Sale Procedure and Form of Notice and in support thereof would show the Court the following:

Nature of the Motion

1. The Debtor has entered into a written agreement for the sale of Tract 1, Tract 2, Tract 8 and Tract 9 out of the Hill Ranch consisting of 1,344.44 acres, more or less, to Rancho Loma Linda, or Assigns ("Loma Linda") for a cash payment

of \$3,520,000.00, representing a per acre purchase price of \$2,618.17. The specific terms of the sale will be set forth in the Debtor's contemplated Motion to Approve Sale pursuant to 11 U.S.C. § 363(f).

2. The agreement between the Debtor and Loma Linda is subject to higher and better offers. The Debtor has agreed to and by this Motion seeks approval of the sale procedure as set forth below.

Expedited Consideration

3. The Debtor requests expedited consideration of this motion. The Debtor anticipates that there may be additional offers both on the subject tract and one or more other tracts within the Hill Ranch as well as offers for the Corazon Ranch. In order to achieve maximum value for the real property owned by the Debtor, the Debtor requests that this Court authorize certain bid procedures that may be utilized by the Debtor in connection with the sale of real property owned by the Debtor. The establishment of bid procedures will enable all parties interested in the Debtor's properties to have reasonable notice and an opportunity to prepare bid packages upon the filing of motions to sell pursuant to 11 U.S.C. §363 by the Debtor.

4. The Debtor believes that expedited consideration of the proposed bid protections and sale procedure is warranted under the circumstances. No party is prejudiced. The establishment of bid procedures and protections in advance of discreet sale motions will permit all interested purchasers to have a level playing field and opportunity to participate in the sale process.

Background

5. The Debtor is a Texas Limited Partnership headquartered in Laredo,

Texas. It is in the business of owning, managing, leasing, selling, exchanging, operating and holding for investment the surface estate of three ranches in the vicinity of Laredo, Webb County, Texas. The Debtor currently owns approximately 20,000 non-contiguous surface acres divided into three ranches. The ranches are identified as the Hill Ranch (the "Hill"), the Corazon Ranch (the "Corazon"), and the Oilton Ranch (the "Oilton"). The ranches consist of the following acreage: the Hill 5,297.32; the Corazon 8,673.86; and the Oilton 6,709.81 total acres. Both the Hill and the Corazon contain mineral classified lands, approximately 1700 acres on the Hill and 2,300 on the Corazon (collectively the "Ranches").

6. The Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on July 8, 2014 (the "Petition Date"). Pursuant to §§1107 and 1108 of the Bankruptcy Code, the Debtor is continuing to operate and manage its properties, affairs and assets as a debtor-in-possession. No trustee or examiner has been sought or appointed in this case, and no official committee has been appointed.

7. Since the bankruptcy filing, the Debtor has entered into an exclusive listing agreement with Louis Pellegrin which is currently pending approval by this Court [Dkt. No. 32]. Mr. Pellegrin has been a realtor since 1976 and has been a licensed real estate broker for approximately 8 years in Webb County. Mr. Pellegrin is very familiar with the Corazon, Hill and Oilton Ranches. Mr. Pellegrin was the broker that brought the pre-petition contract for the sale of the Corazon Ranch to Roberto P. Gutierrez for \$13,000,000.00. The Corazon Ranch sale failed as a result of litigious tactics exercised

by Guillermo Benavides Z. including suing Mr. Gutierrez and deposing both Mr. Gutierrez and his real estate lawyer. As the Court is aware, Mr. Gutierrez has declined to close on the Corazon Ranch transaction as more fully detailed in the Debtor's Motion To Reject Executory Contract: Corazon Ranch [Docket No. 27].

8. Mr. Pellegrin has brought a proposed contract with Loma Linda for the purchase of Tracts 1, 2, 8 and 9 out of the Hill Ranch (the "Hill Tracts"). After negotiation, the Debtor has entered into the Agreement of Purchase and Sale with Loma Linda for the purchase and sale of the Hill Tracts consisting of 1,344.44 acres, more or less, located in Webb County, Texas(the "Hill Contract"). A copy of the Hill Contract is attached as **Exhibit 1**. The Hill Contract is subject to higher and better offers. The Motion to Approve the Hill Contract will be filed contemporaneously herewith. In order for the Debtor to ensure that all interested potential purchasers have an adequate opportunity to present higher and better offers, the Debtor believes that approval of a sale procedure as more fully set forth below would be in the best interest of the Estate.

The Sale Procedure and Form of Notice

9. The Debtor seeks approval of the following sale procedures:

Notice of Sale Hearing. Within five (5) business days following the entry of an order approving this motion and the entry of an order setting the final sale hearing date, the Debtor will serve by first class mail a notice containing the date of the final sale hearing (the "Final Sale Hearing") to: (i) all potential purchasers identified to the Debtor by direct communication to the Debtor or Louis Pellegrin; (ii) all other potentially interested parties identified by the Debtor, Mr. Pellegrin, and any third party requesting information (these and the parties identified in (i) above, the "Potential Purchasers"); (iii) the Office of the United States Trustee; (iv) counsel for Guillermo Benavides Z.; (v) all parties who are

known to possess or assert a lien, claim, encumbrance or interest in or upon the Hill Ranch; and (vi) all parties on the most current master service list filed in the Debtor's bankruptcy proceeding.

Qualified Bidders. Only Qualified Bidders may participate in the bidding process. To become a Qualified Bidder, a potential bidder must on or before 5:00 p.m. Central Time on the **fifth business day** prior to the **Final Sale Hearing** date: (i) execute and deliver to the Debtor an Access & Indemnity Waiver prepared by the Debtor, (ii) deposit with the Debtor the sum of \$50,000 which deposit shall be nonrefundable unless such Qualified Bidder is not in default and is not the highest and best offer as determined by the Court; (iii) submit to the Debtor an unqualified and binding cash bid of at least \$2,718.17 per acre along with an executed written agreement substantially in the form of the Purchase and Sale Agreement between the Debtor and Loma Linda as determined by the Debtor ("Qualified Bids"); and (iv) provide financial and other information to the Debtor that will allow the Debtor to make a reasonable determination as to such bidder's ability to consummate a sale as contemplated herein. Loma Linda is and shall be deemed to be a Qualified Bidder and a party in interest for all purposes. If no other Qualified Bidders are identified, the Purchase and Sale Agreement between the Debtor and Loma Linda (the "Loma Linda Purchase Agreement") shall be deemed the highest and best Qualified Bid. No letter of intent or other written proposal submitted to the Debtor prior to the filing of this motion by any party other than Loma Linda shall constitute or be considered a Qualified Bid for purposes of these sale procedures absent qualification in accordance with this paragraph.

Notice of Qualified Bidders. On or before 5:00 p.m. Central Time on the **second business day prior to the Final Sale Hearing date**, the Debtor shall file a notice with the Court identifying all Qualified Bidders and attaching copies of all bids that were timely received. All information received by the Debtor shall be shared with Loma Linda, its counsel and the Office of the U.S. Trustee. The Debtor shall serve a copy of the notice and the corresponding bids on all Qualified Bidders by (a) facsimile, (b) overnight delivery, or (c) email.

Auction. If one or more timely Qualified Bids are received, an auction for the Hill Tracts will be conducted on Final Sale Hearing date starting 2 hours prior to the time scheduled for the Final Sale Hearing before the Honorable David Jones, United States Bankruptcy Judge, Southern District of Texas, Laredo Division, Courtroom No. 3C, 1300 Victoria St., Laredo, Texas 78040. Only Qualified Bidders may participate in the auction. All Qualified Bidders, or their authorized representatives, must be physically present or present via

teleconference at the auction. At the commencement of the auction, the Debtor shall announce the bidding order, which order shall be based upon (i) the amount of the Qualified Bidder's bid (from low to high); and (ii) if Qualified Bids are identical, the time the Qualified Bids were delivered to the Debtors (the first such received identical bid going first in the auction). Minimum overbid increments at the auction shall be in the amount of not less than \$50.00 per acre. In the event that there are no Qualified Bidders other than Loma Linda, then the Loma Linda contract will be presented for immediate approval at the Final Sale Hearing.

Selection of the Highest and Best Bid. At the conclusion of the auction, the Court will announce the highest and best Qualified Bid and the next highest and best Qualified Bid (the "Back-Up Bid"). The highest and best Qualified Bid will be presented to the Court for approval at the Final Sale Hearing. If for any reason, the bidder submitting the highest and best Qualified Bid fails to timely consummate the purchase of the Hill Tracts, the Debtor may seek to consummate a sale based on the Back-Up Bid without further approval by the Court; provided, however, the party submitting the Back-Up Bid shall be under no obligation to consummate the sale of the Hill Tracts.

Return of Deposits. Within two business days after the conclusion of the auction described above, the Debtor shall return by wire transfer the full amount of any deposit submitted by the party(ies) who are not selected as submitting the highest and best Qualified Bid or the Back-Up Bid. The deposit by the party who is declared the Back-Up Bid will be returned by wire transfer within two business days after the closing of the sale to the party submitting the highest and best Qualified Bid; or if such party submitting the Back-Up Bid does not wish to close a sale, the deposit shall be returned within two business days of written notification to the Debtor that such party submitting the Back-Up Bid does not wish to close a sale.

7. The foregoing Sale Procedure provides an appropriate framework to ensure that the Debtor's goal of obtaining the maximum value for the Hill Tracts is realized. The proposed process is transparent and represents a fair balance of the competing issues present in these cases.

Accordingly, the Debtor requests that the Court (i) approve the motion as set forth above; and (ii) grant the Debtor such other and further relief at law or in equity as

may be just and appropriate.

Respectfully submitted,

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/s/ Leslie M. Luttrell
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Counsel for the Debtor

CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of September, 2014 a true and correct copy of the foregoing has been served pursuant to the ECMF filing and notice procedures or in the manner indicated to the following parties:

Debtor

GBG Ranch, Ltd.
1019 Chihuahua
Laredo, Texas 78041

Via U.S. Regular Mail

Creditors: via regular mail

Anam Management, L.C. 318 Bordeaux Laredo, Texas 78041	Dan Hanke 2161 NW Military HWY, Ste 103 San Antonio, Texas 78213
Anam, LTD 318 Bordeaux Laredo, Texas 78040	Dan King Bordas Wind Energy 3650 Locklane Houston, Texas 77027
Benavides Family Minerals, LTD 1019 Chihuahua Laredo, Texas 78040	Diane W. Sanders Linebarger Goggan Blair & Sampson, LLP P.O. Box 17428 Austin, TX 78760-7777
Carl J. Kolb PC 916 Chulie San Antonio, Texas 78210	GBG Cattle & Hunting Co. LLC 1019 Chihuahua Laredo, Texas 78040
City of Laredo c/o Flores & Saucedo, PLLC 5517 McPherson Rd. Ste. 14 Laredo, TX 78041	Golden West Oil PO Box 6127 Austin TX 78762
Cliff Davis PO Box 439 Carizzo Spring, Texas 78834	Guillermo Benavides Garza Investment Company 1019 Chihuahua Laredo, Texas 78040

Corrected Quita Wind Lease 1918 Guerrero St. Laredo, Texas 78043	Guillermo Benavides Z. 318 Bordeaux Laredo, Texas 78045
Guillermo R. Benavides 1918 Guerrero St. Laredo, TX 78043	Rafael Morales 1301 Chacon Laredo, Texas 78041
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Huisache Cattle Co. LTD. HCR 1 Box 5 Aguilares, Texas 78369	Residuary Trust under the Will of Guillermo Benavides Garza 1019 Chihuahua Laredo, Texas 78040
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